



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 25 2001

Ms. Karen Ignani, President
American Association of Health Plans
1129 20th Street, NW, Suite 600
Washington, DC 20036

Dear Ms. Ignani:

The Medicare+Choice (M+C) program offers an important health care option for 5.6 million Medicare beneficiaries today. It is my goal to preserve and expand this program so that many other beneficiaries can benefit from this option.

I want to work with your members, Congress, and other interested parties to achieve this goal. As a first step, I am delaying the deadline for Medicare+Choice Organizations (M+COs) to submit notice of non-renewal for contract year 2002 until September 17, 2001. M+COs will be required to submit, by July 2, 2001, summary, non-binding information required for their rate and benefit filings. However, this information will not be made public, and the complete, final and binding filing will not be due until September 17, 2001. A template that meets the July 2 requirement will be available shortly.

I believe these steps will allow M+COs additional time to collect cost data and to determine the viability of their provider networks prior to making a decision for 2002 with respect to their benefits and service areas. It will also allow time for benefit approval and beneficiary notification. Meanwhile, I am working with the Congress to determine if it is possible, on a permanent basis, to modify the legislative date for submission of rate and benefit filings.


In addition, I have reviewed the Department's proposed implementation of its risk-adjustment mechanism. After careful consideration, I have decided to suspend, through July 1, 2002, the required filing of physician and hospital outpatient department encounter data. I will be working closely with all interested parties to explore and implement a risk adjustment process for M+C payments that balances accuracy and administrative burden.

Finally, as you are aware, any delay in renewal decisions and rate filings has a direct effect on the information that is provided to beneficiaries to make health care choices. I will ensure that any change in renewal and filing policy allows the Medicare program to provide beneficiaries with complete information to make an informed choice in a timely manner.

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I look forward to working with you to make this a smooth process for Medicare beneficiaries, who are among our most vulnerable citizens and are deeply concerned about their health care coverage.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy G. Thompson", written over the printed name.

Tommy G. Thompson